

2010 STATUS REPORT

IOWA UNEMPLOYMENT COMPENSATION TRUST FUND

This 2010 Status Report of the
Iowa Unemployment Compensation Trust Fund
is a publication of
Iowa Workforce Development





2010 Status Report

On the Iowa Unemployment Compensation Trust Fund

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Preface – Guide for Interpretation

As a guide to the interpretation and application of this chapter, the public policy of this state is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and the worker's family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own. (Iowa Code 96.2)

Executive Summary

This report evaluates the status of Iowa's unemployment compensation trust fund as of December 31, 2010. It reviews fund expenditures and fund revenue. It also discusses the fund solvency in terms of fund balance, fund balance adjusted for inflation, fund balance adjusted for covered wage growth, and months of benefits in the fund.

Unemployment Insurance Benefits Payout: The national recession pushed benefits paid to unemployed Iowa workers to record levels of \$421 million in 2008 and \$788 million in 2009 and \$587 million in 2010. Some other facts:

- The number of first payments for UI benefits exceeded 110,000 per year during the 2001 through 2003 recession. First payments climbed to 126,309 in 2008 and 165,030 in 2009 due to increased layoffs caused by the current recession. First payments declined to and 125,564 in 2010 due to a decrease in new layoffs.
- Average duration of benefits increased from 11.6 weeks in 2008 to 15.6 weeks in 2009 and 15.3 weeks in 2010.

UI Trust Fund Revenue: Fund revenue primarily comes from UI contributions paid by Iowa employers and interest earned on the fund balance. Contributions increased by 45.1% from \$353 million in 2009 to \$512 million in 2010. Highlights:

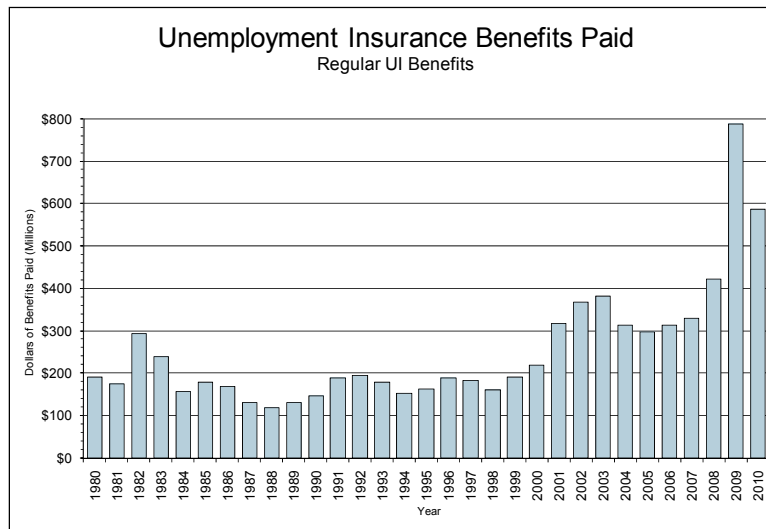
- The average contribution rate remained around 1.6% in 2003 through 2009. This is well below the average contribution rate during the 1980s which reached 3.4% in 1984.
- The average contribution rate increased to 2.2% in 2010. Record benefit payouts in 2009 caused the trust fund balance to decline. The lower fund balance triggered rate table 4 in 2010 which resulted in higher contribution rates for many employers.
- Taxable wages fell by 2.3% in 2009 and grew slowly in 2010. The primary reasons were a decrease in covered employment and a decline in the number of hours worked.

UI Trust Fund: The philosophy guiding this fund requires balances to be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive burden on employers. The challenge is to determine adequate reserves to ensure the fund's solvency through an economic downturn. The Iowa UI employer contribution system automatically adjusts employer contribution rates based on the strength of the UI trust fund and historical UI benefit experience.

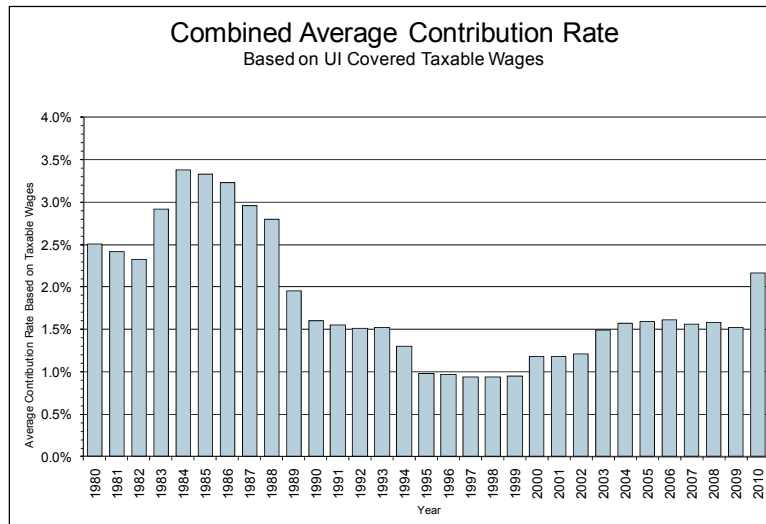
Iowa entered this decade with a year-end combined trust fund balance of \$810 million in 2000. The fund fell during the 2002-2003 recession, but rebounded to \$865 million in 2008. Record benefit payouts in 2009 and 2010 caused the year-end combined fund balance to fall to \$446 million in 2010. When the fund is adjusted for inflation and wage growth, the strength of the fund is the lowest in more than 20 years.

Conclusions: Iowa's combined fund balance reached a low point of \$321 million during April 2010. If the 2011 benefit payout remains below the 2010 level, the Iowa fund will not have to borrow in 2011. Lower fund balances may trigger higher rate tables in order to ensure future fund solvency. If the state experiences a "double dip" recession, future borrowing may be necessary, as fund reserves remain low.

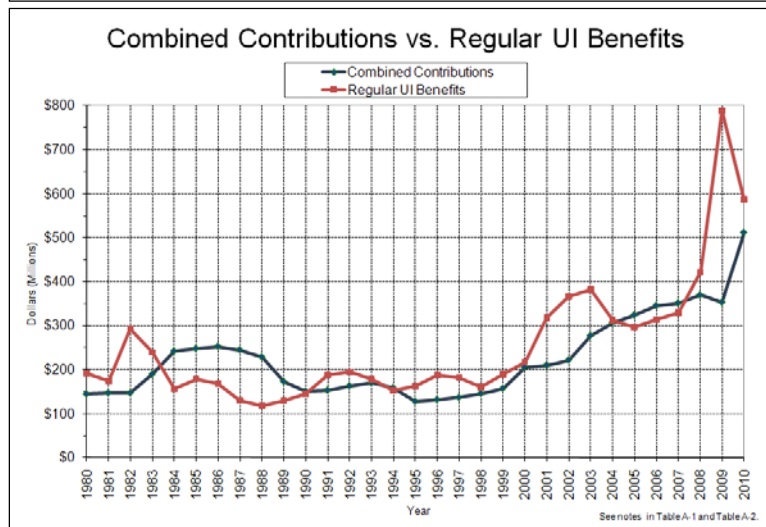
UI Trust Fund History at a Glance



The national recession pushed up UI first payments and the average duration of benefits in 2009 and 2010. These factors caused the UI benefit payout to rise to the highest level in history of \$788 million in 2009. Benefits decreased to \$587 million in 2010, the 2nd highest historic benefit level.

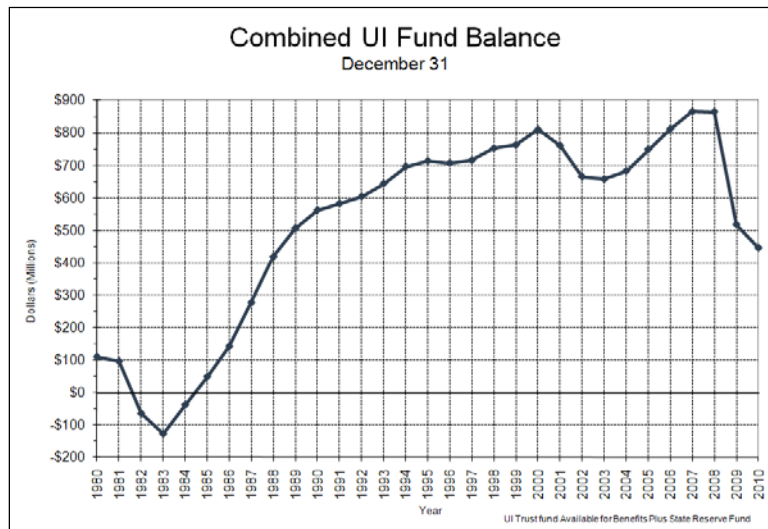


The average contribution rate for 2004 through 2009 was about 1.6%. This is well below the average rates in the mid-1980's when rates were over 3.0%. High UI benefit payouts caused rate table 4 to trigger for 2010. The average contribution rate increased to 2.4%.

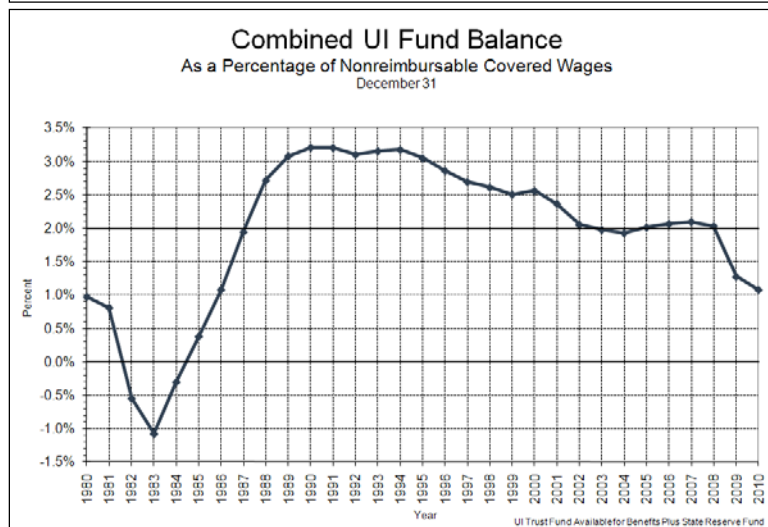


UI benefits exceeded contributions by more than \$400 million during 2009. This represents the largest one year deficit in the history of Iowa's unemployment insurance system. Even though benefits paid decreased and contributions increased during 2010, the fund still ran a deficit.

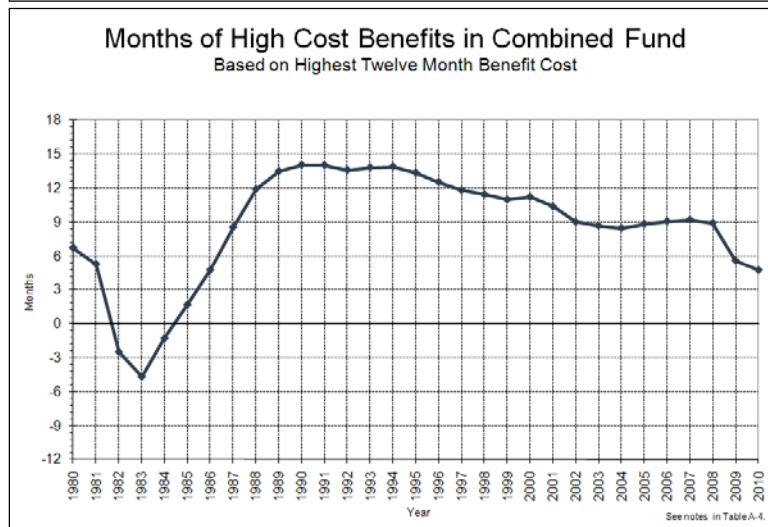
UI Trust Fund History at a Glance



The year-end combined UI fund balance has grown from 2003 through 2007. Record benefit payouts in 2009 and 2010 caused the fund to drop sharply. The inflation adjusted fund balance was the lowest in almost 25 years.



The UI fund as a percent of covered wages was over 3.0% during the first half of the 1990's. In 2002 through 2008 the fund was around 2.0% of covered wages. This measure dropped to 1.1% of covered wages in 2010. This represents the lowest level since 1986.



The highest benefit payout adjusted for covered employment and wage growth occurred during the 1982-1983 recession. The fund would be large enough to pay benefits for about five months if a similar recession were to occur in Iowa.

A. Unemployment Insurance Benefits

The National Bureau of Economic Research's Business Cycle Dating Committee determined that the expansion that began in November 2001 ended in December 2007. This national recession caused Iowa's Unemployment Insurance (UI) benefit payout to reach record levels of \$421 million in 2008 and \$788 million in 2009. UI benefits fell to \$587 million in 2010 due to fewer new layoffs.

UI Benefits: Benefits payments are a function of:

- average weekly benefit amount,
- duration of benefits, and
- number of persons receiving first payments for benefits

Maximum Weekly Benefit Amount:

The maximum weekly benefit (MWB) is computed each year based on the previous year's average weekly wage. The current MWB amounts are listed below:

Number of Dependents	Average Weekly Wage 2009	Percent of Average Weekly Wage	Maximum Weekly Benefit July 2010
0	\$710.03	53%	\$376
1	\$710.03	55%	\$390
2	\$710.03	57%	\$404
3	\$710.03	60%	\$426
4	\$710.03	65%	\$461

Average Weekly Benefit (AWB):

Claimants' weekly benefit amounts are based on their high quarter earnings, subject to the above maximums. About half of claimants draw the maximum weekly benefit. A claimant would need high quarter earnings of about \$8,600 to qualify for the maximum weekly benefit.

The average weekly benefit fell from \$306.45 in 2009 to \$305.61 in 2010. The weekly benefit declined because of slow average wage growth, fewer layoffs in higher paid industries, lower base period earning for second benefit year claimants.

Duration of UI Benefits: The maximum duration of UI benefits in Iowa is 26 weeks. In the case of a plant closing, it is extended to 39 weeks.

The current economic slowdown has increased the number of long-term unemployed. The average duration of UI benefits increased from 11.6 weeks in 2008 to 15.6 weeks in 2009 and 15.3 weeks in 2010. Claimants exhausting regular UI benefits more than doubled from 2008 to 2009 and remained high in 2010.

First Payments: The national recession pushed the number of UI claimants who received their first payment for a new benefit year up to 165,030 in 2009. This represents the highest first payment level in history. A decrease in the number of new layoffs lowered first payments to 125,564 in 2010.

Weeks Compensated: The number of weeks of UI benefits compensated fell from a record 2,571,688 in 2009 to 1,920,298 in 2010. This decrease is attributable to the fall in the number of UI first payments.

UI Benefit Summary: UI benefits increased from \$421 million in 2008 to a \$788 million in 2009 and fell to \$587 in 2010. These three years accounted for the three highest benefit payouts in the history of Iowa's UI trust fund.

B. Unemployment Insurance Revenue

Combined contributions rose by 45% from \$353 million in 2009 to \$512 million in 2010. This increase was primarily due to a higher average contribution rate.

Average Contribution Rate: The Iowa Code has eight rate tables. Rate tables are triggered based on the relative trust fund strength. The average contribution rate for rated employers ranges from about 3.5% in table 1 to 0.9% in table 8.

The average rate was over 3.0% during in the mid-1980's as the trust fund was rebuilding from the early 1980's recession. The fund balance grew enough to trigger the lowest rate table in 1995 through 1999.

Rate table 6 was triggered for 2003 because an economic slowdown caused benefits to increase and the fund balance to decrease. The average contribution rate was around 1.6% during 2003 through 2009.

Record benefit levels caused the UI trust fund to fall. This caused table 4 to trigger in 2010 and the average contribution rate rose to 2.2%.

Individual Employer Rates: The average combined rate for 2010 was 2.16%, but individual employers' rates ranged from zero to 9.0% under rate table 4.

Iowa's UI rates are dependent on the benefit experience of individual employers. About 43% of private employers qualified for a zero rate because they had no benefit charges or for five years.

Taxable Wages: During 2010, Iowa employers paid UI contributions on the first \$24,500 of an employee's

wages. This taxable wage base is updated each year based on the average annual wage for UI covered employment.

The national recession caused a decrease in covered wages and covered employment and a decline in hours worked in some industries. Taxable wages fell in 2009, but partially rebounded in 2010.

Contributions: Combined UI contributions increased by 45.1% from \$353 million in 2009 to \$512 million in 2010. The contribution increase was the result of a declining trust fund balance which caused rate table 4 to trigger.

Interest: Interest received from the federal government on the trust fund decreased by 51.1% to \$14 million in 2010. This decrease was primarily due to a declining trust fund balance.

Other Income: Iowa's UI trust fund received a one-time distribution of \$71 million under the Assistance for Unemployed Workers and Struggling Families Act for UI modernization incentive payments in 2009. Special incentive payments were not available in 2010.

Revenue Summary: Total fund revenue increased by 16.3% from 2009 to 2010. Regular UI benefit payments fell from 2009 to 2010. However, UI benefits paid exceeded total revenue in 2009 and 2010.

C. UI Fund Balance

The year-end combined trust fund balance reached record high of \$865 million in 2007 and 2008. Recession level benefit payouts caused the fund to fall to \$518 million in 2009 and \$446 million in 2010. The fund dropped to the lowest level since 1986 in terms of inflation adjusted dollars.

Trust Fund Balance History: The lowest historic year-end trust fund balance was a deficit of \$126 million in 1983. The fund grew rapidly from this low to \$507 million in 1989. This growth was caused by lower levels of insured unemployment and some of the highest average contribution rates in trust fund history.

Trust fund growth slowed during the 1990's, as higher trust fund balances triggered rate tables with lower average contribution rates.

The fund reached \$810 million in 2000. Economic conditions caused the year-end fund balance to fall to in 2002 and 2003. The number of new layoffs declined and UI benefits paid were lower in 2005 through 2008. This enabled the combined trust fund balance to rebound to \$865 million in 2007 and 2008.

UI benefits began to increase during 2008 and UI benefits paid reached record levels during 2009 and 2010. This caused the combined trust fund to fall to \$447 million at the end of 2010. This represents the lowest fund level in more than 20 years.

Effect of Wage Growth: Examining the trust fund balance in terms of absolute dollar amounts can be misleading. The fund balance must grow as covered wages and covered employment grow in order to keep pace with potential fund liabilities.

CPI Adjusted Fund Balance: One method of adjusting the fund balance to account for inflation is to use the Consumer Price Index (CPI) to adjust the fund to 1982-1984 dollars. Using inflation adjusted dollars the fund balance fell by 56% from 2000 to 2010.

Fund Balance as a Percent of Covered Wages: The UI fund is expressed as a percentage of covered wages in order to control for employment and wage growth. The contribution rate table formulas use 2% of covered wages as a minimum safety factor.

This percentage grew from a deficit during the early 1980s to around 3.2% in 1990 through 1994. It then decreased to around 2.0% in 2002 through 2008.

Record benefit payouts in 2009 and 2010 caused this percentage to decline to 1.28% in 2009 and 1.08% in 2010. This is the lowest level since 1986.

UI Trust Fund Balance Summary: The year-end fund balance reached \$865 million in 2008. Record UI benefit levels caused the fund to fall to \$518 million in 2009 and \$447 million in 2010. The inflation (CPI) adjusted fund balance and the wage growth adjusted fund balance were both at their lowest level in almost 25 years.

D. UI Fund Solvency

Unemployment Insurance theory requires the trust fund balance be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive burden on employers. The challenge is to determine an adequate reserve level to ensure the fund's solvency through an economic downturn.

Months of Benefits in Trust Fund:

A popular measure of fund adequacy is the number of months of benefits in the fund. This report covers three different benefit measures.

Months of Current Benefits: The fund is sufficient to pay benefits at the current level for 9.1 months. This calculation does not include future revenue collections.

Months of Benefits at High Cost:

The 2010 trust fund balance would be sufficient to pay benefits for 4.7 months at the historic highest adjusted benefit level.

Federal Solvency Standards: The U. S. Department of Labor recommends a solvency standard of 12 months of benefits at the highest three-year average benefit cost rate. Iowa's 2010 figure was 6.0 months.

Recession Level Benefits: Iowa's highest benefit cost level is based on the 12-month period ending April 1983. Fund expenditures totaled \$317.5 million and wages totaled \$11.6 billion. Total expenditures for the 12-month period equaled 2.7% of wages. If this economic downturn had pushed 2010 benefits to this 1983 recession level, benefits would have reached \$1.1 billion.

Rate Table Calculations: The Iowa UI rate system is designed to automatically adjust contribution rates

based on fund strength. This system is designed to maintain solvency while reducing rate fluctuations.

If the fund strength starts to decline, the system will trigger to a rate table with higher contribution rates. This helps the fund start rebuilding before fund reserves reach a critical point.

The system is designed to fortify the trust fund in small increments. This method diminishes the chances of a drastic contribution increase in any single year.

The national recession caused the fund balance to fall to the lowest level in 20 years. This lower fund balance caused rate table 4 to trigger in 2010. An increase of two tables is unusual, but it was caused by a record UI benefit payout.

Fund Solvency Summary: Over 30 states have borrowed funds from the federal government in order to pay benefits. The total amount borrowed exceeds \$40 billion.

The Iowa trust fund has remained solvent. If benefits remain around current levels, the Iowa fund will not have to borrow during 2011. Lower fund balances may trigger higher rate tables in order restore sufficient reserves. Fund reserves remain low. If the state experiences a "double dip" recession, future borrowing may be necessary.

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Table A-1
Unemployment Insurance Benefit Data

Year	First Payments		Average Duration (Weeks)		Weeks Compensated		Average Weekly Benefit (\$)		UI Regular Benefits Paid (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	141,617	-----	11.9	-----	1,679,090	-----	113.97	-----	191.4	-----
1981	111,712	-21.1%	13.2	10.9%	1,472,110	-12.3%	118.46	3.9%	174.4	-8.9%
1982	151,520	35.6%	14.6	10.6%	2,218,692	50.7%	132.02	11.4%	292.9	67.9%
1983	117,681	-22.3%	15.1	3.4%	1,781,786	-19.7%	134.39	1.8%	239.5	-18.2%
1984	97,603	-17.1%	13.0	-13.9%	1,265,144	-29.0%	123.28	-8.3%	156.0	-34.9%
1985	97,124	-0.5%	14.4	10.8%	1,401,655	10.8%	127.70	3.6%	179.0	14.7%
1986	84,882	-12.6%	14.7	2.1%	1,250,942	-10.8%	134.63	5.4%	168.4	-5.9%
1987	66,865	-21.2%	14.3	-2.7%	955,227	-23.6%	136.78	1.6%	130.7	-22.4%
1988	67,023	0.2%	12.4	-13.3%	831,553	-12.9%	142.79	4.4%	118.7	-9.2%
1989	73,393	9.5%	11.9	-4.0%	874,264	5.1%	148.71	4.1%	130.0	9.5%
1990	82,251	12.1%	11.5	-3.4%	946,804	8.3%	153.74	3.4%	145.6	12.0%
1991	92,823	12.9%	12.7	10.4%	1,176,440	24.3%	159.61	3.8%	187.8	29.0%
1992	88,604	-4.5%	13.5	6.3%	1,200,374	2.0%	162.28	1.7%	194.8	3.7%
1993	82,565	-6.8%	12.9	-4.4%	1,062,863	-11.5%	167.96	3.5%	178.5	-8.4%
1994	71,184	-13.8%	12.4	-3.9%	882,883	-16.9%	173.44	3.3%	153.1	-14.2%
1995	78,467	10.2%	11.2	-9.7%	879,273	-0.4%	184.68	6.5%	162.4	6.1%
1996	78,846	0.5%	12.5	11.6%	984,078	11.9%	190.62	3.2%	187.6	15.5%
1997	79,155	0.4%	11.8	-5.6%	931,796	-5.3%	195.08	2.3%	181.8	-3.1%
1998	72,383	-8.6%	10.8	-8.5%	783,500	-15.9%	204.44	4.8%	160.2	-11.9%
1999	80,519	11.2%	10.8	0.0%	869,517	11.0%	218.08	6.7%	189.6	18.4%
2000	84,455	4.9%	11.2	3.7%	949,794	9.2%	229.25	5.1%	217.7	14.8%
2001	113,983	35.0%	11.6	3.6%	1,324,644	39.5%	239.42	4.4%	317.1	45.7%
2002	111,411	-2.3%	13.4	15.5%	1,498,185	13.1%	244.76	2.2%	366.7	15.6%
2003	113,570	1.9%	13.5	0.7%	1,532,402	2.3%	248.94	1.7%	381.5	4.0%
2004	88,976	-21.7%	14.1	4.4%	1,253,028	-18.2%	249.39	0.2%	312.5	-18.1%
2005	91,540	2.9%	12.5	-11.3%	1,141,540	-8.9%	259.57	4.1%	296.3	-5.2%
2006	92,610	1.2%	12.5	0.0%	1,161,526	1.8%	269.38	3.8%	312.9	5.6%
2007	91,367	-1.3%	12.9	3.2%	1,176,569	1.3%	280.17	4.0%	329.6	5.3%
2008	126,309	38.2%	11.6	-10.1%	1,459,395	24.0%	288.81	3.1%	421.5	27.9%
2009	165,030	30.7%	15.6	34.5%	2,571,688	76.2%	306.45	6.1%	788.1	87.0%
2010	125,564	-23.9%	15.3	-1.9%	1,920,298	-25.3%	305.61	-0.3%	586.9	-25.5%

Regular UI Benefits paid by IWD. Table does not includes extended benefits, voluntary shared work and net adjustments for transfers to other states. Source: ETA-5159
 Voluntary shared work benefits total \$10.7 million in 2009 and \$3.8 million in 2010. Other years totaled less than 0.3% of benefits paid. 1/17/2011

Table A-2
Unemployment Insurance Revenue Data

Year	Combined Average Tax Rate		Taxable Wages (\$ billions)		Combined Contributions (\$ millions)		Interest on Trust Fund (\$ millions)		Other Incm. (\$ mil.)	Combined Total Revenue (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	#	Δ%
1980	2.51%	-----	5.63	-----	144.5	-----	11.8	-----	0.0	156.3	-----
1981	2.42%	-3.6%	5.87	4.3%	147.3	1.9%	10.0	-15.3%	0.0	157.3	0.6%
1982	2.32%	-4.1%	5.99	2.0%	146.9	-0.3%	5.0	-50.0%	0.0	152.0	-3.4%
1983	2.92%	25.9%	6.24	4.2%	189.6	29.1%	0.0	-100.0%	0.0	189.6	24.7%
1984	3.38%	15.8%	6.97	11.7%	241.9	27.6%	0.0	-----	0.0	241.9	27.6%
1985	3.33%	-1.5%	7.28	4.4%	248.0	2.5%	0.9	-----	16.5	265.4	9.7%
1986	3.23%	-3.0%	7.67	5.4%	252.7	1.9%	6.5	622.2%	4.5	263.7	-0.6%
1987	2.96%	-8.4%	8.10	5.6%	244.8	-3.1%	15.7	141.5%	0.0	260.6	-1.2%
1988	2.80%	-5.4%	8.02	-1.0%	228.8	-6.5%	26.9	71.3%	0.1	255.8	-1.8%
1989	1.96%	-30.0%	8.65	7.9%	172.9	-24.4%	38.3	42.4%	0.2	211.3	-17.4%
1990	1.60%	-18.4%	9.20	6.4%	151.0	-12.7%	46.1	20.4%	0.0	197.0	-6.8%
1991	1.55%	-3.1%	9.54	3.7%	153.1	1.4%	48.8	5.9%	0.0	201.9	2.5%
1992	1.51%	-2.6%	10.23	7.2%	162.8	6.3%	46.6	-4.5%	0.0	209.4	3.7%
1993	1.52%	0.7%	10.66	4.2%	169.8	4.3%	44.8	-3.9%	0.0	214.5	2.4%
1994	1.30%	-14.5%	11.69	9.7%	158.9	-6.4%	43.9	-2.0%	0.0	202.8	-5.5%
1995	0.98%	-24.6%	12.41	6.2%	128.1	-19.4%	48.1	9.6%	0.0	176.2	-13.1%
1996	0.97%	-1.0%	13.11	5.6%	132.0	3.0%	48.9	1.7%	0.0	180.9	2.7%
1997	0.94%	-3.1%	13.90	6.0%	136.6	3.5%	47.3	-3.3%	0.0	183.9	1.7%
1998	0.94%	0.0%	14.94	7.5%	145.9	6.8%	48.5	2.5%	0.0	194.3	5.7%
1999	0.95%	1.1%	15.98	7.0%	156.9	7.5%	49.8	2.7%	0.0	206.7	6.4%
2000	1.18%	24.2%	16.93	5.9%	205.4	30.9%	51.1	2.6%	0.0	256.4	24.0%
2001	1.18%	0.0%	17.21	1.7%	210.1	2.3%	51.7	1.2%	0.0	261.8	2.1%
2002	1.21%	2.5%	17.40	1.1%	221.7	5.5%	48.7	-5.8%	0.0	270.3	3.2%
2003	1.49%	23.1%	17.76	2.1%	277.1	25.0%	43.2	-11.3%	40.0	360.3	33.3%
2004	1.57%	5.4%	18.60	4.7%	306.5	10.6%	39.3	-9.0%	0.0	345.8	-4.0%
2005	1.60%	1.9%	19.61	5.4%	324.0	5.7%	35.1	-10.7%	0.0	359.1	3.8%
2006	1.61%	0.6%	20.77	5.9%	345.2	6.5%	31.2	-11.1%	0.0	376.5	4.8%
2007	1.56%	-3.1%	21.73	4.6%	351.1	1.7%	32.6	4.5%	0.0	383.7	1.9%
2008	1.58%	1.3%	22.60	4.0%	369.3	5.2%	35.0	7.4%	0.0	404.3	5.4%
2009	1.52%	-3.8%	22.07	-2.3%	352.8	-4.5%	28.4	-18.9%	70.8	452.0	11.8%
2010	2.16%	42.1%	22.37	1.4%	511.9	45.1%	13.9	-51.1%	0.0	525.7	16.3%

Combined contributions include payments made to the Unemployment Trust Fund account of the US Treasury and the Unemployment Compensation Reserve Fund account in the State Treasury. Other Income includes revenue from a trust fund debt repayment tax collected by the federal government in 1985 and 1986 and special transfers 2003 and 2009.

2/16/2011

Table A-3
UI Fund Balances
December 31

Year	UI Trust Fund Balance		Iowa Reserve Fund Balance		Combined UI Fund Balance					
					Balance (\$ millions)		CPI-U Adjusted (1982-1984=100)		As Percent of Covered Wages	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	110.2	----	0.0	----	110.2	----	127.7	----	0.98%	----
1981	96.5	-12.4%	0.0	----	96.5	-12.4%	102.6	-19.7%	0.81%	-17.3%
1982	-63.3	----	0.0	----	-63.3	----	-64.9	----	-0.55%	----
1983	-126.3	----	0.0	----	-126.3	----	-124.7	----	-1.07%	----
1984	-37.4	----	0.0	----	-37.4	----	-35.5	----	-0.30%	----
1985	49.3	----	0.0	----	49.3	----	45.1	----	0.38%	----
1986	142.5	189.0%	0.0	----	142.5	189.0%	129.0	186.0%	1.08%	184.2%
1987	276.9	94.3%	0.0	----	276.9	94.3%	239.9	86.0%	1.95%	80.6%
1988	418.6	51.2%	0.0	----	418.6	51.2%	347.4	44.8%	2.72%	39.5%
1989	506.7	21.0%	0.0	----	506.7	21.0%	401.8	15.7%	3.08%	13.2%
1990	562.4	11.0%	0.0	----	562.4	11.0%	420.3	4.6%	3.21%	4.2%
1991	582.6	3.6%	0.0	----	582.6	3.6%	422.4	0.5%	3.21%	0.0%
1992	604.0	3.7%	0.0	----	604.0	3.7%	425.6	0.8%	3.11%	-3.1%
1993	643.8	6.6%	0.0	----	643.8	6.6%	441.6	3.8%	3.16%	1.6%
1994	696.4	8.2%	0.0	----	696.4	8.2%	465.2	5.3%	3.18%	0.6%
1995	712.9	2.4%	0.0	----	712.9	2.4%	464.5	-0.2%	3.05%	-4.1%
1996	706.9	-0.8%	0.0	----	706.9	-0.8%	445.7	-4.0%	2.87%	-5.9%
1997	715.1	1.2%	0.0	----	715.1	1.2%	443.4	-0.5%	2.70%	-5.9%
1998	752.1	5.2%	0.0	----	752.1	5.2%	458.9	3.5%	2.61%	-3.3%
1999	762.7	1.4%	0.0	----	762.7	1.4%	453.2	-1.2%	2.51%	-3.8%
2000	809.8	6.2%	0.0	----	809.8	6.2%	465.4	2.7%	2.56%	2.0%
2001	760.3	-6.1%	0.0	----	760.3	-6.1%	430.3	-7.5%	2.37%	-7.4%
2002	665.0	-12.5%	0.0	----	665.0	-12.5%	367.6	-14.6%	2.06%	-13.1%
2003	657.2	-1.2%	0.0	----	657.2	-1.2%	356.6	-3.0%	1.98%	-3.9%
2004	635.2	-3.3%	47.5	----	682.8	3.9%	358.8	0.6%	1.93%	-2.5%
2005	643.2	1.3%	105.6	122.3%	748.8	9.7%	380.5	6.0%	2.02%	4.7%
2006	665.8	3.5%	145.4	37.7%	811.2	8.3%	402.0	5.7%	2.07%	2.5%
2007	714.9	7.4%	149.8	3.0%	864.6	6.6%	411.7	2.4%	2.10%	1.4%
2008	714.9	0.0%	149.6	-0.1%	864.6	0.0%	411.2	-0.1%	2.04%	-2.9%
2009	368.4	-48.5%	149.6	0.0%	518.0	-40.1%	239.8	-41.7%	1.28%	-37.3%
2010	296.9	-19.4%	149.6	0.0%	446.5	-13.8%	203.7	-15.1%	1.08%	-15.6%

The UI Trust Fund balance excludes Reed Act distributions, except for a \$40 million transfer to the trust fund made under S.F. 458 (2003). The Iowa Reserve Fund refers to the principal in the unemployment compensation reserve fund set up to under S.F. 458 (2003). Principal in the fund can only be used to pay UI benefits if the UI trust fund is insufficient to pay benefits. 2/16/2011

Table A-4
UI Fund Solvency Measures
December 31

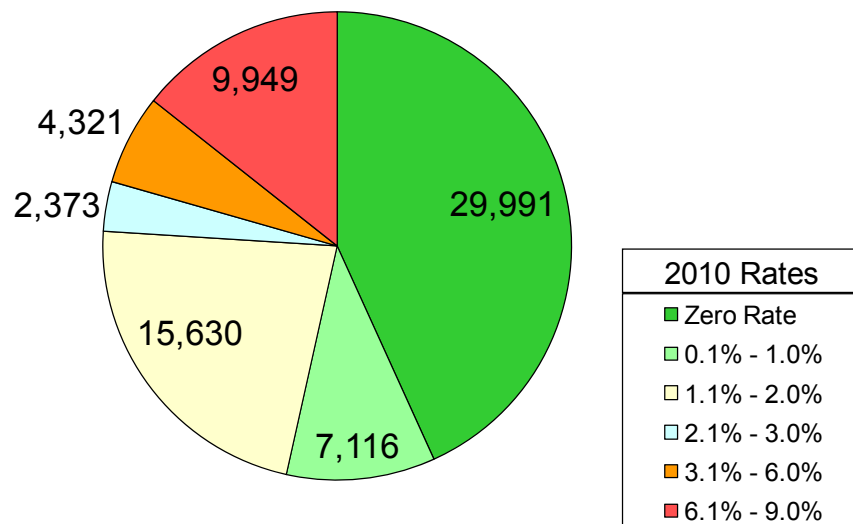
Year	Months of Benefits in Combined UI Fund						UI Benefits At Highest Level (\$ millions)	
	Current Benefit Level		Highest Twelve Month Level		Average 3 Year High Level			
	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	6.7	----	6.7	----	8.4	----	196.5	----
1981	6.7	0.0%	5.3	-20.9%	7.0	-16.7%	219.6	11.8%
1982	-2.4	----	-2.5	----	-3.4	----	302.5	37.8%
1983	-6.0	----	-4.7	----	-6.0	----	323.6	7.0%
1984	-2.9	----	-1.3	----	-1.6	----	346.3	7.0%
1985	3.3	----	1.7	----	2.1	----	352.5	1.8%
1986	10.4	215.2%	4.7	176.5%	6.0	185.7%	361.6	2.6%
1987	26.3	152.9%	8.5	80.9%	10.8	80.0%	389.5	7.7%
1988	44.0	67.3%	11.9	40.0%	15.1	39.8%	422.6	8.5%
1989	49.3	12.0%	13.5	13.4%	17.1	13.2%	451.3	6.8%
1990	47.7	-3.2%	14.0	3.7%	17.8	4.1%	481.0	6.6%
1991	38.0	-20.3%	14.0	0.0%	17.8	0.0%	498.8	3.7%
1992	38.4	1.1%	13.6	-2.9%	17.2	-3.4%	533.9	7.0%
1993	44.4	15.6%	13.8	1.5%	17.5	1.7%	559.5	4.8%
1994	55.7	25.5%	13.9	0.7%	17.6	0.6%	601.8	7.6%
1995	53.8	-3.4%	13.3	-4.3%	16.9	-4.0%	641.7	6.6%
1996	46.1	-14.3%	12.5	-6.0%	15.9	-5.9%	677.5	5.6%
1997	47.8	3.7%	11.8	-5.6%	15.0	-5.7%	727.7	7.4%
1998	57.1	19.5%	11.4	-3.4%	14.5	-3.3%	789.8	8.5%
1999	48.8	-14.5%	11.0	-3.5%	13.9	-4.1%	834.3	5.6%
2000	45.1	-7.6%	11.2	1.8%	14.2	2.2%	867.8	4.0%
2001	29.2	-35.3%	10.4	-7.1%	13.2	-7.0%	880.5	1.5%
2002	22.0	-24.7%	9.0	-13.5%	11.4	-13.6%	887.0	0.7%
2003	21.2	-3.6%	8.7	-3.3%	11.0	-3.5%	910.6	2.7%
2004	26.5	25.0%	8.5	-2.3%	10.7	-2.7%	969.0	6.4%
2005	30.6	15.5%	8.8	3.5%	11.2	4.7%	1,018.3	5.1%
2006	31.4	2.6%	9.1	3.4%	11.5	2.7%	1,075.2	5.6%
2007	31.5	0.3%	9.2	1.1%	11.7	1.7%	1,130.1	5.1%
2008	24.8	-21.3%	8.9	-3.3%	11.3	-3.4%	1,165.3	3.1%
2009	7.9	-68.1%	5.6	-37.1%	7.1	-37.2%	1,114.6	-4.4%
2010	9.1	15.2%	4.7	-16.1%	6.0	-15.5%	1,134.5	1.8%

See notes in table A-3.

2/16/2011

Table A-5 Employer Contribution Rate Distribution Based on Original Employer Rate Notices All Private Contributory Employers Rate Year 2010		
Contribution Rate Table 4	Private Contributory Firms	
	Number	Percent
Zero Rate	29,991	43.2%
0.1% - 1.0%	7,116	10.3%
1.1% - 2.0%	15,630	22.5%
2.1% - 3.0%	2,373	3.4%
3.1% - 6.0%	4,321	6.2%
6.1% - 9.0%	9,949	14.3%
Total	69,380	100.0%
Table includes private experience rated employers and private employers receiving new employer tax rates. Iowa Workforce Development 1/15/2010		

UI Contribution Rate Distribution
Private Experienced Rated and New Employers - 2010



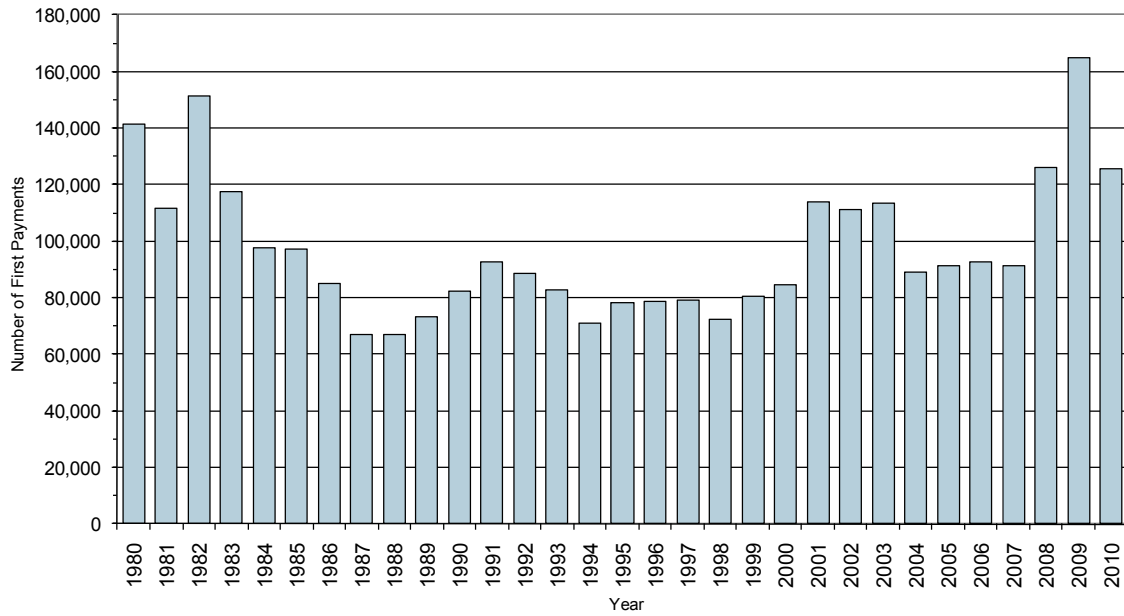
See notes in table A-5.

Appendix B – Graphs

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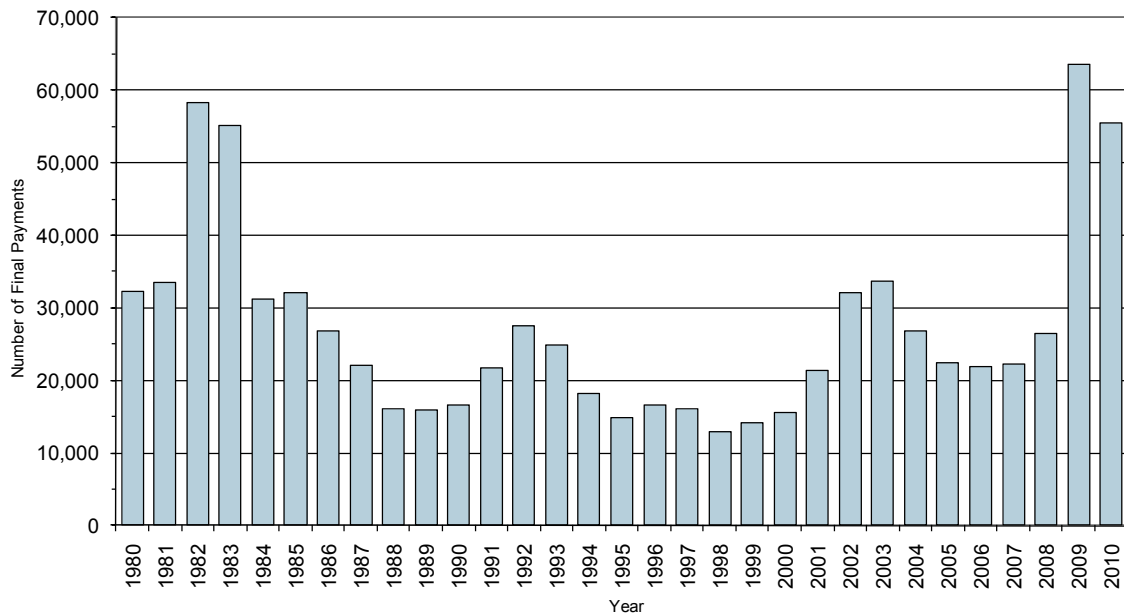
First Payments

Regular Unemployment Insurance

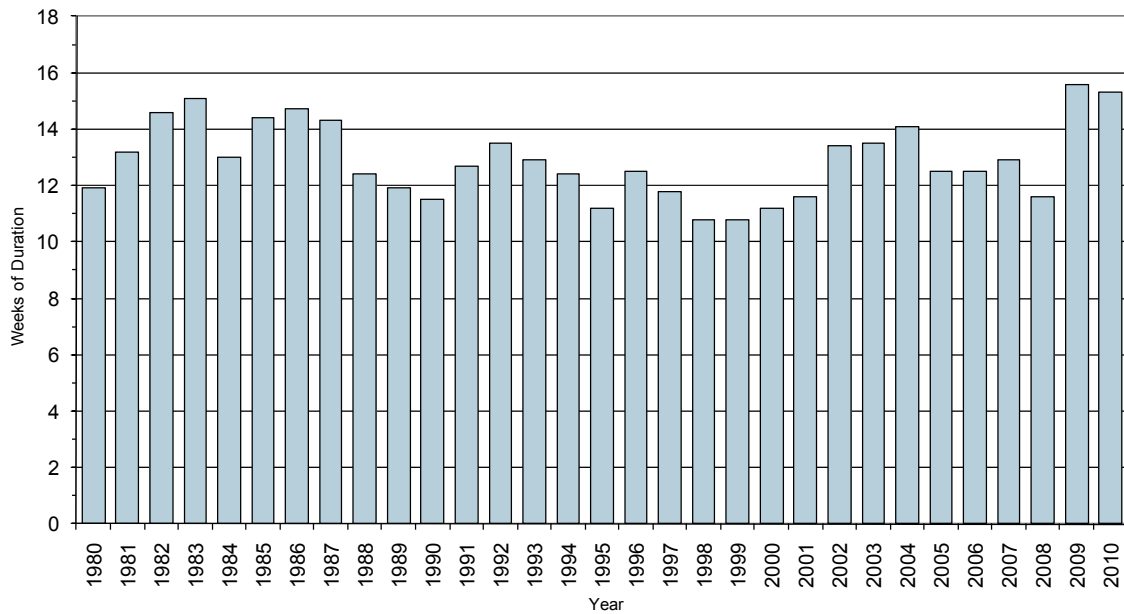


Final Payments

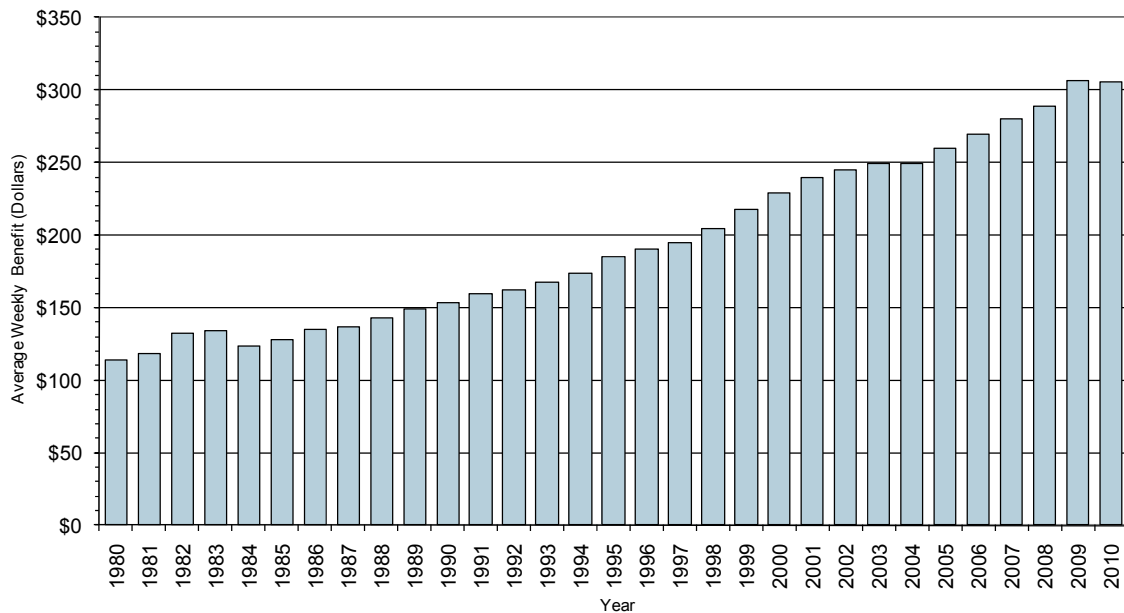
Regular Unemployment Insurance

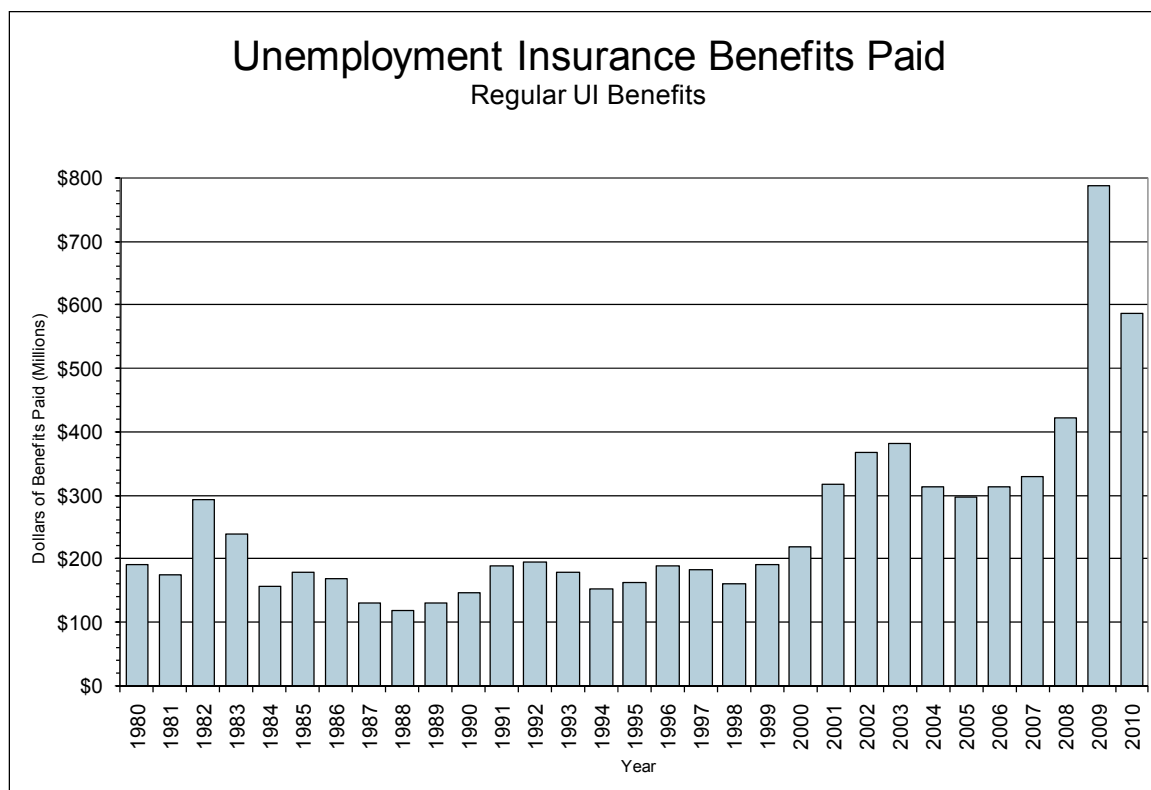
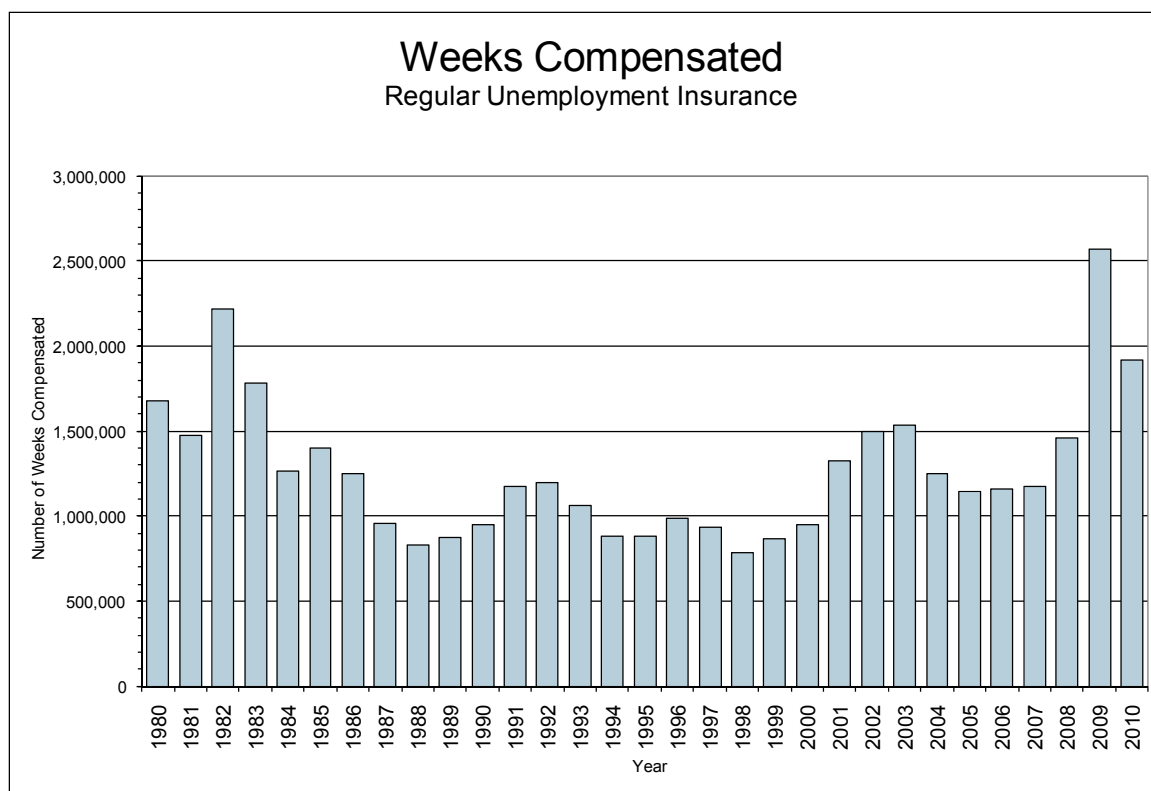


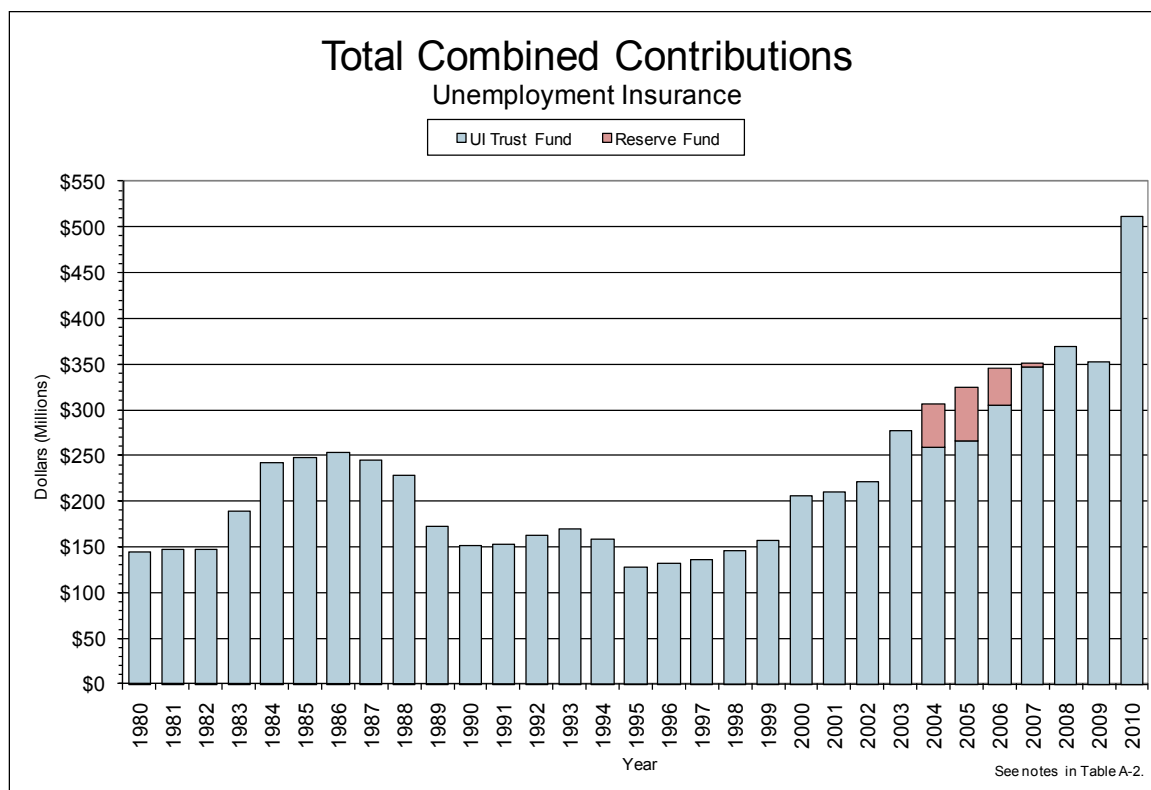
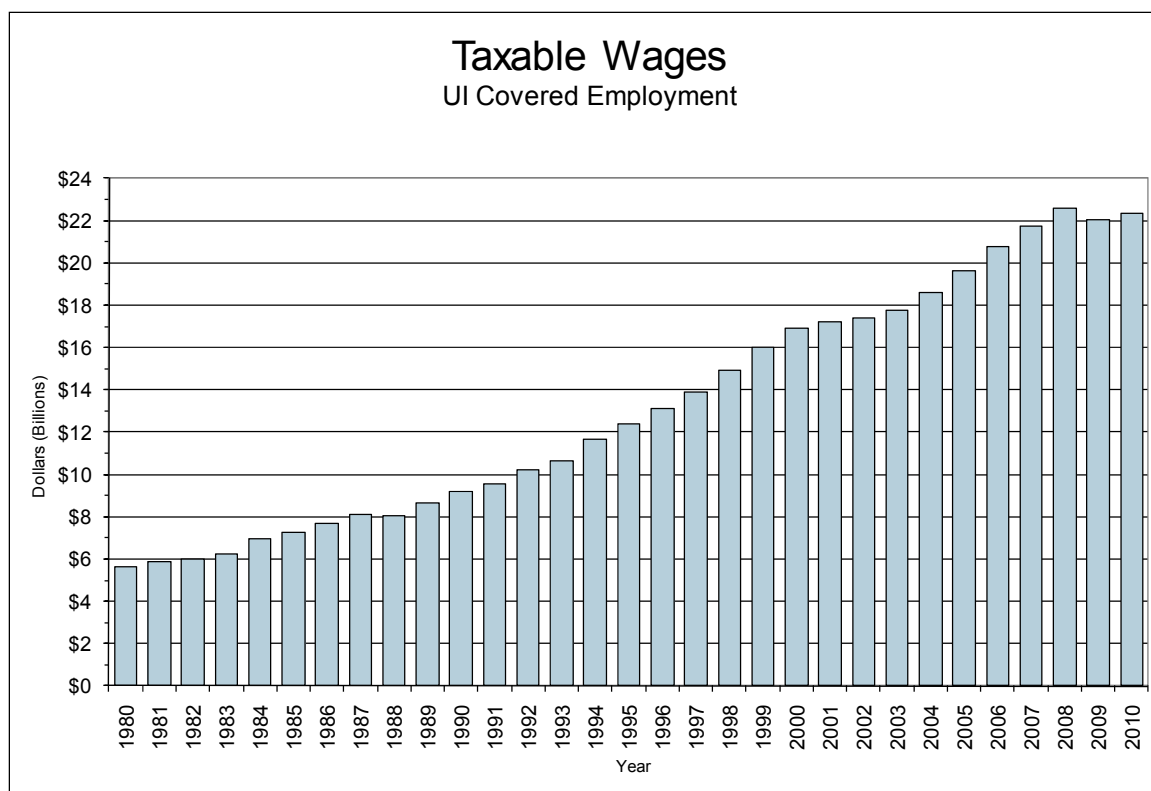
Average Weeks of Duration Regular Unemployment Insurance



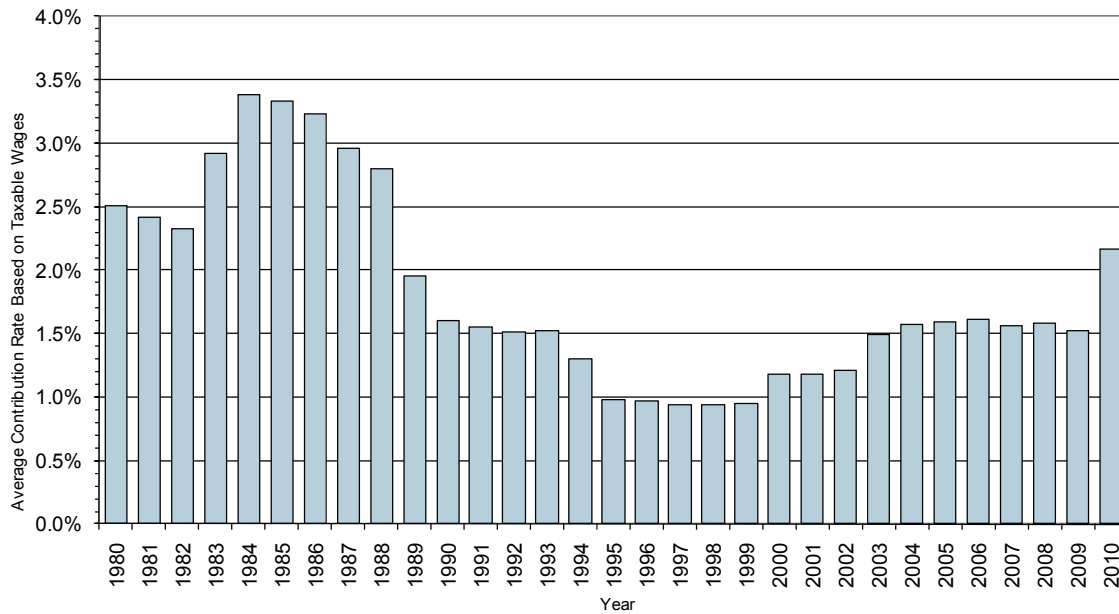
Average Weekly Benefit Regular Unemployment Insurance



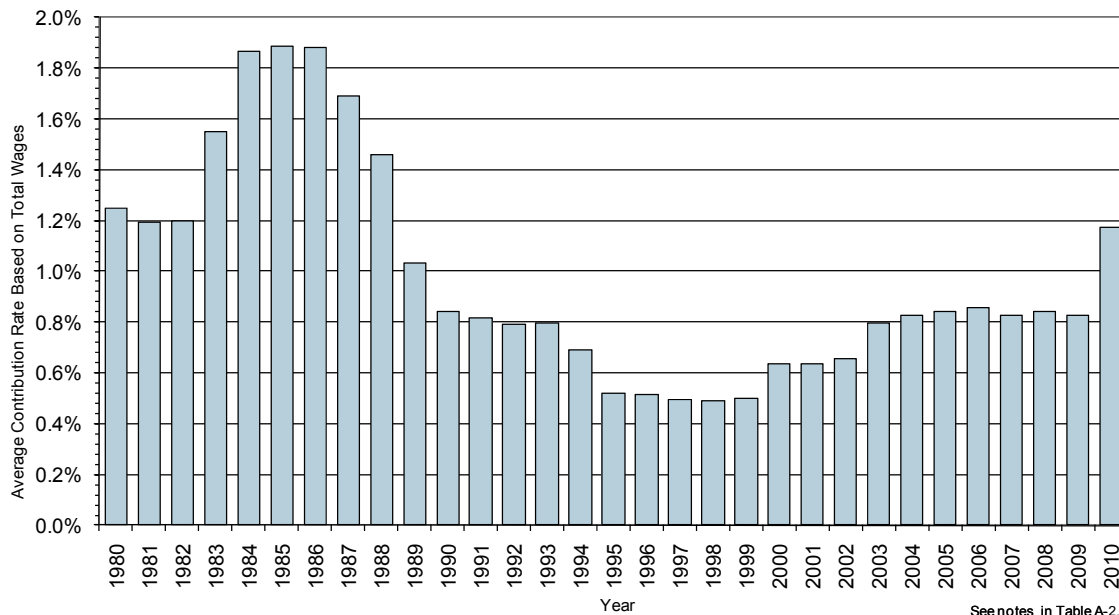




Combined Average Contribution Rate Based on UI Covered Taxable Wages



Combined Average Contribution Rate Based on UI Covered Total Wages



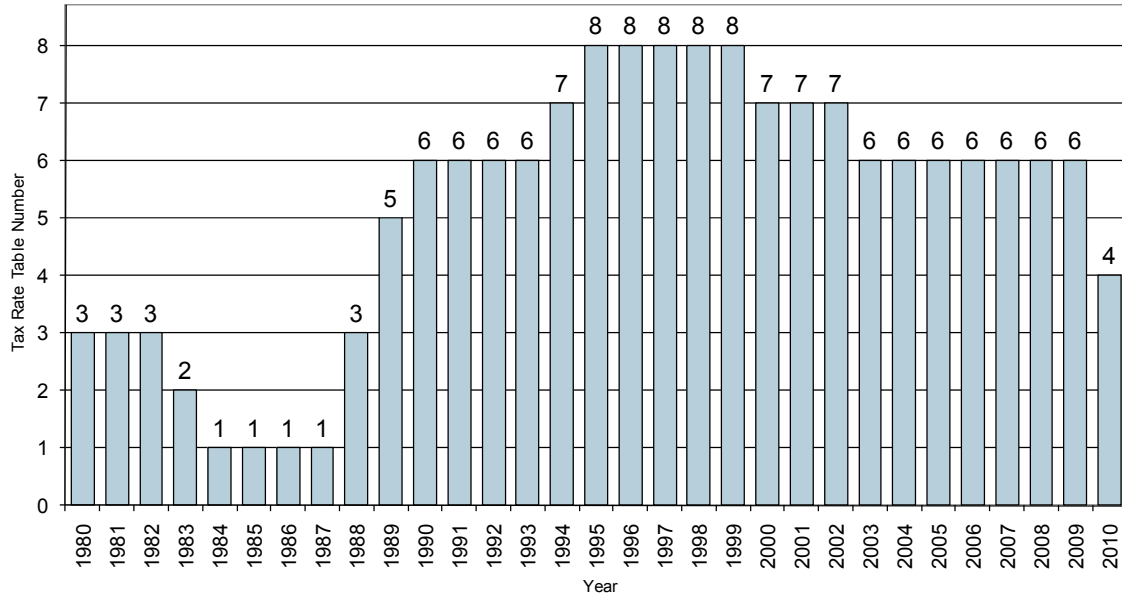
See notes in Table A-2.

UI Contribution Rate Table

Iowa Code Provides Eight Rate Tables

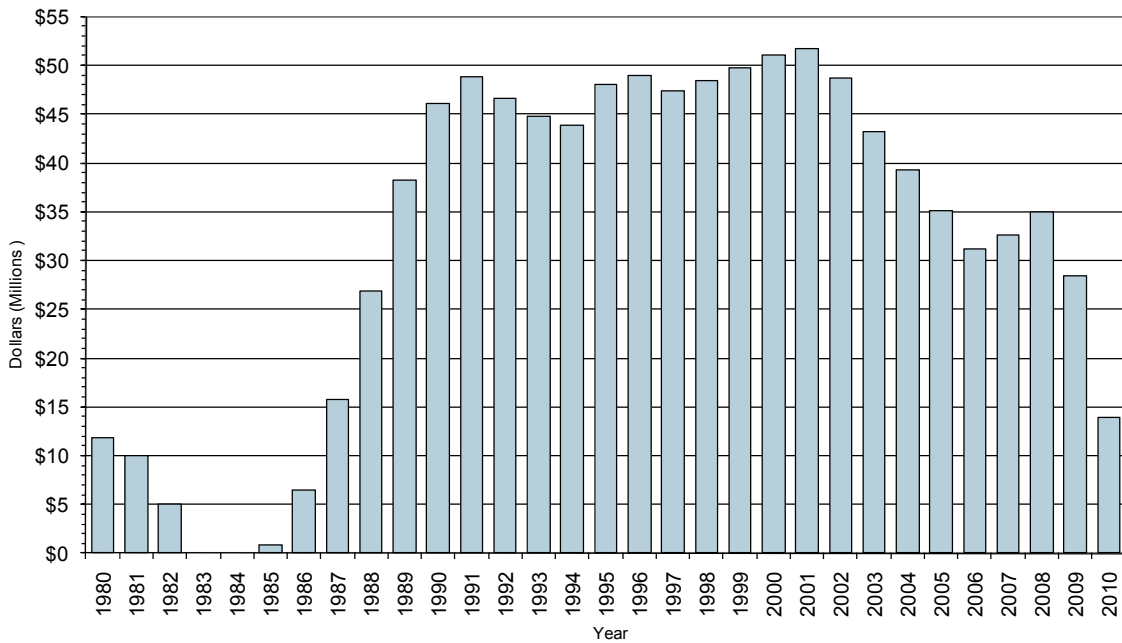
(Table 1 = Highest Rates)

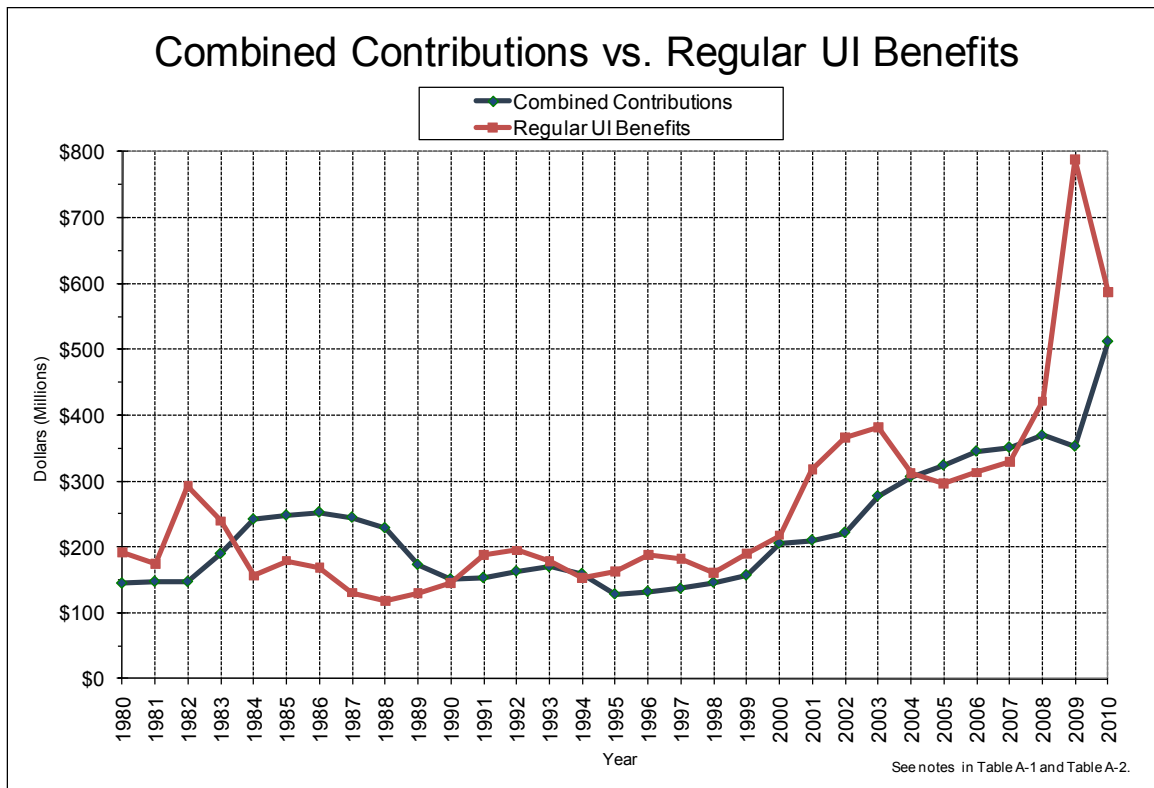
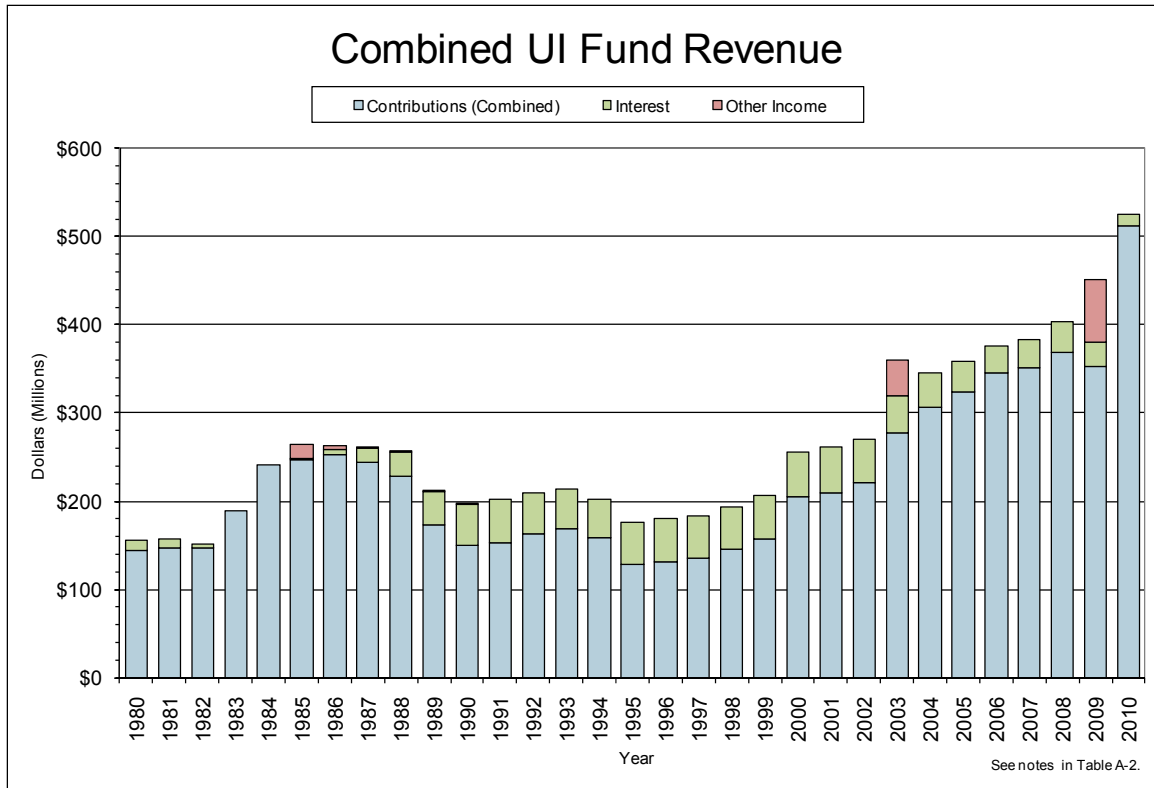
(Table 8 = Lowest Rates)

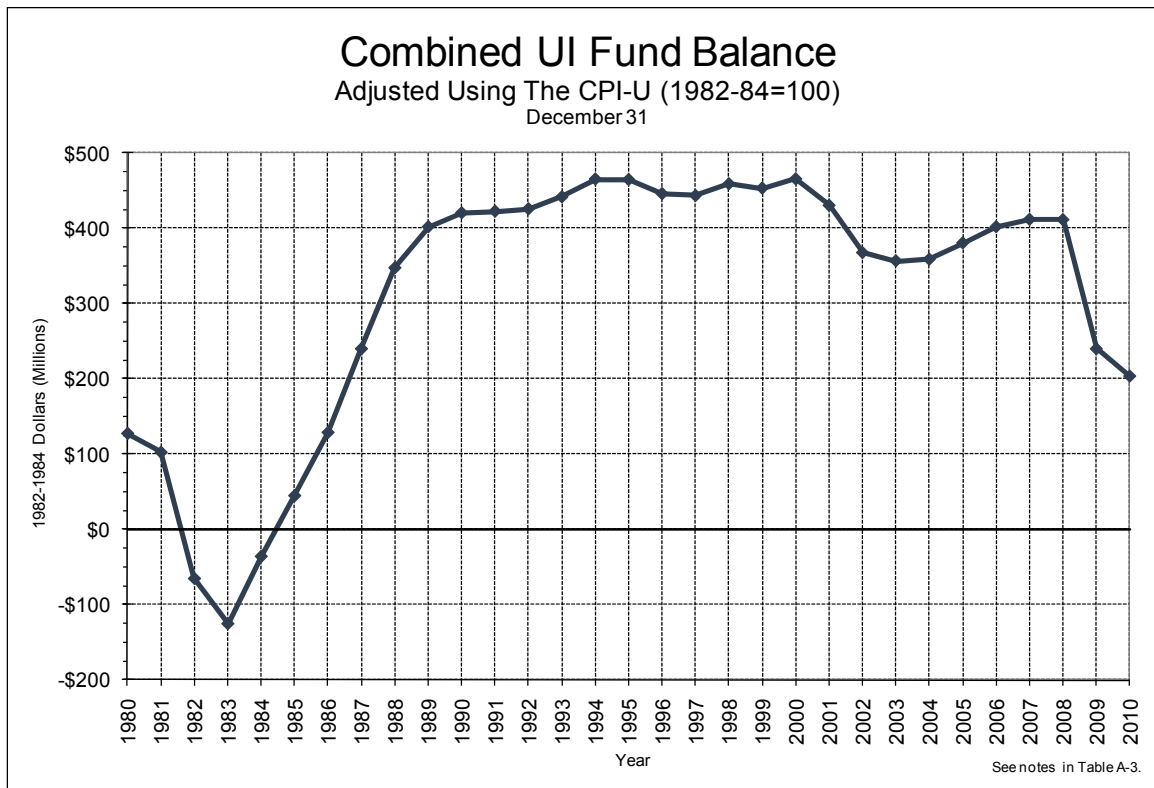
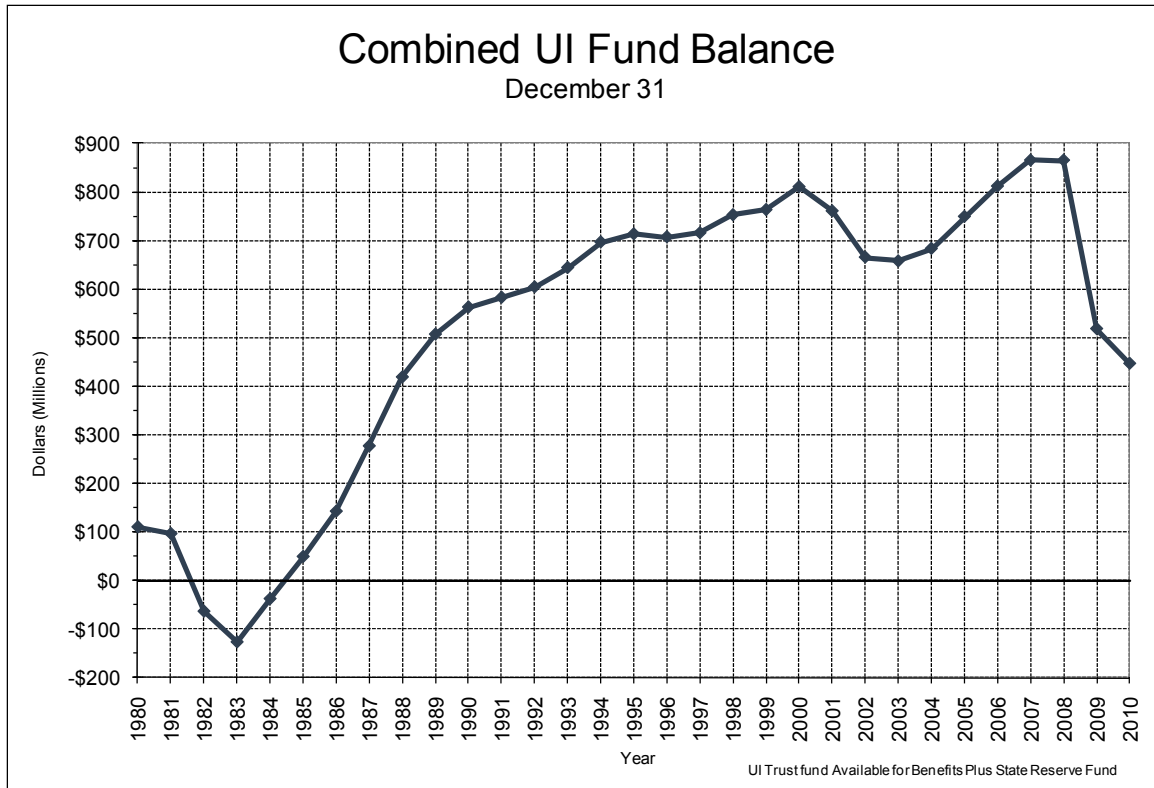


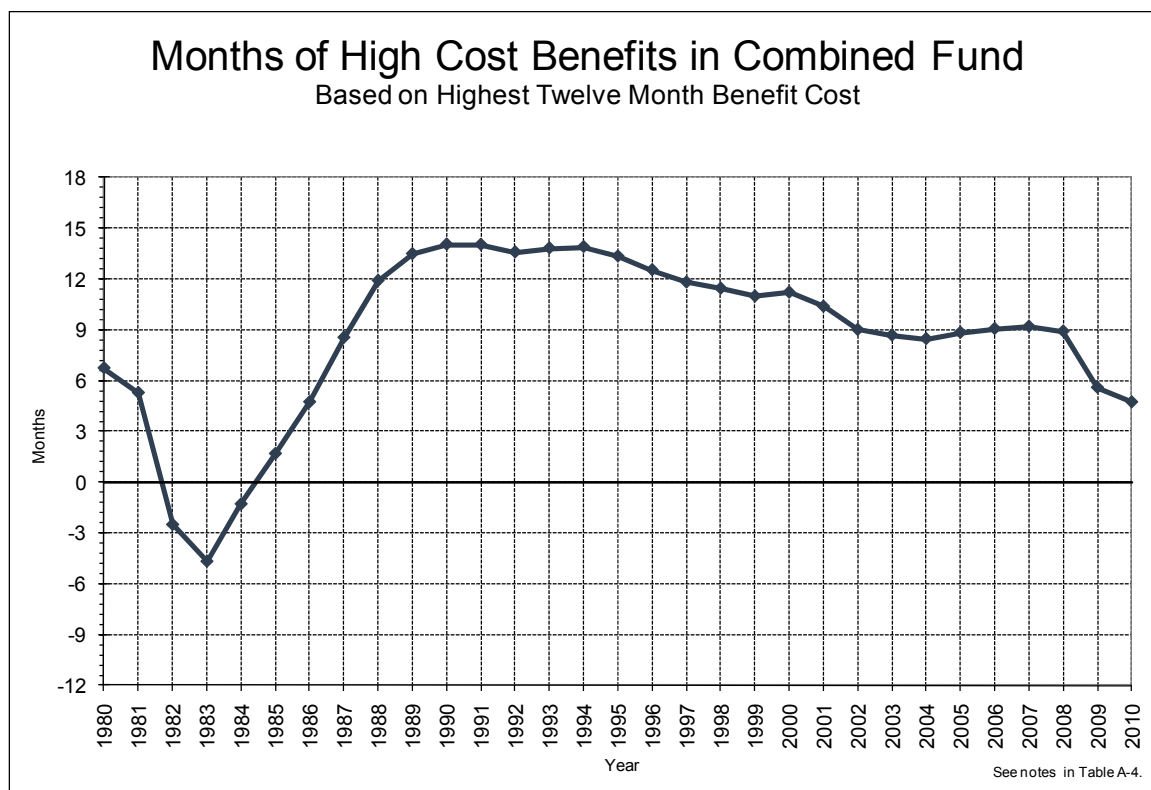
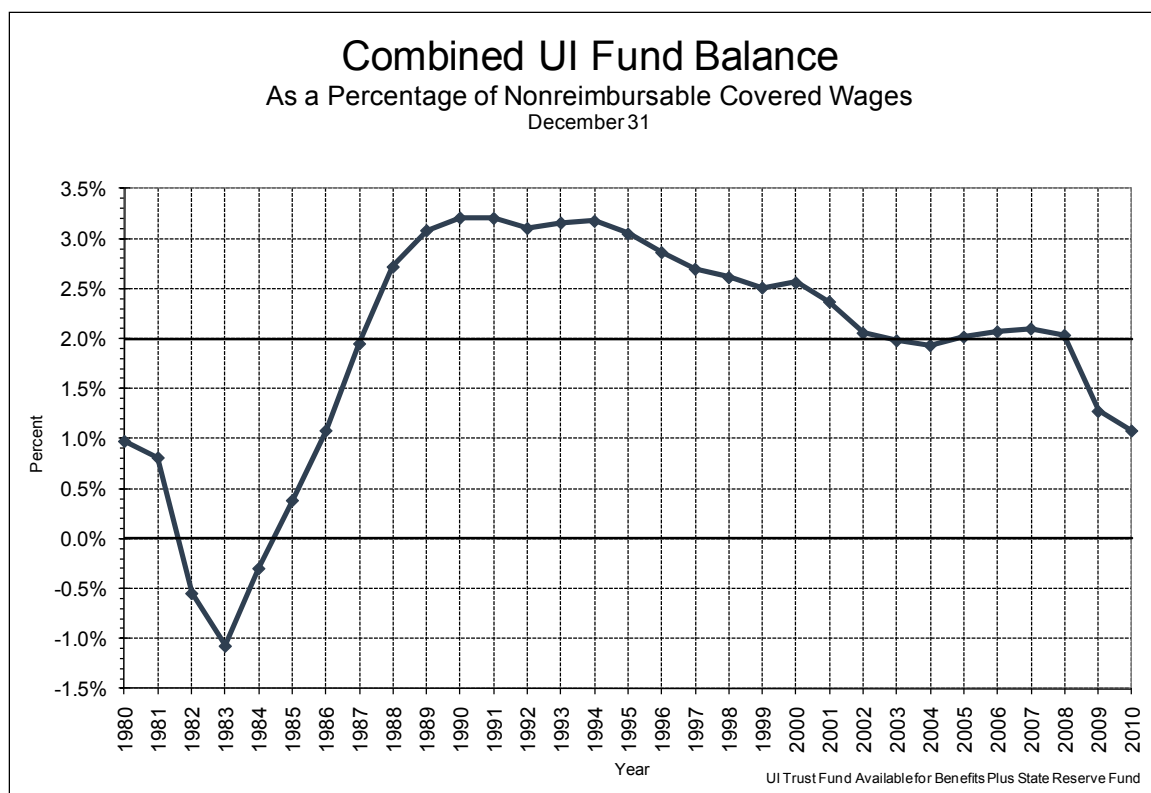
Interest Received

Unemployment Insurance Trust Fund



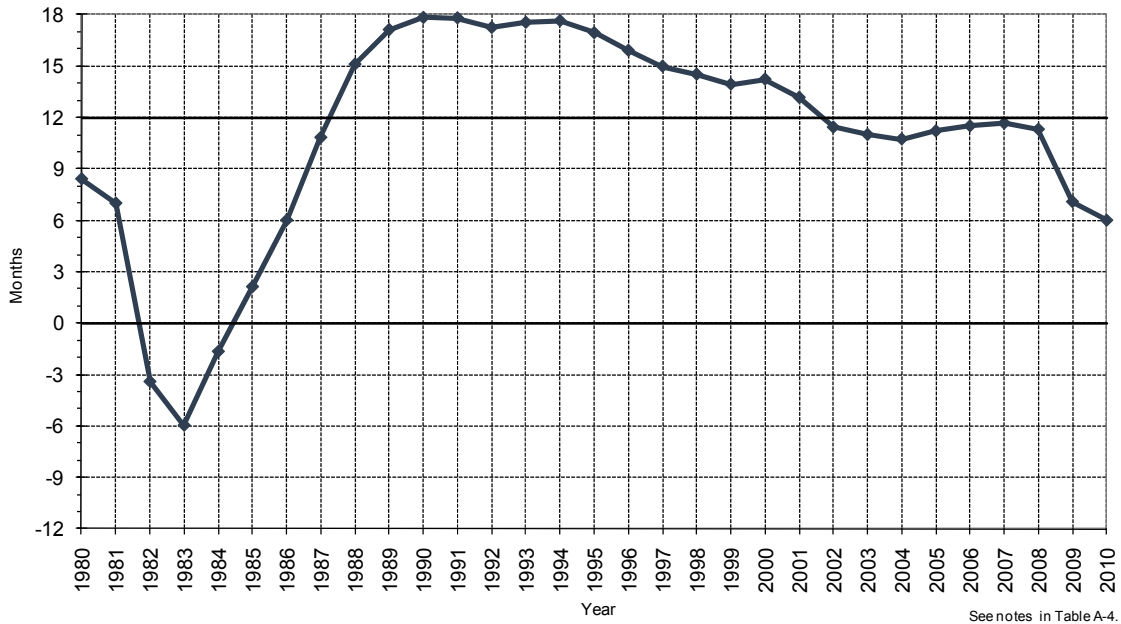






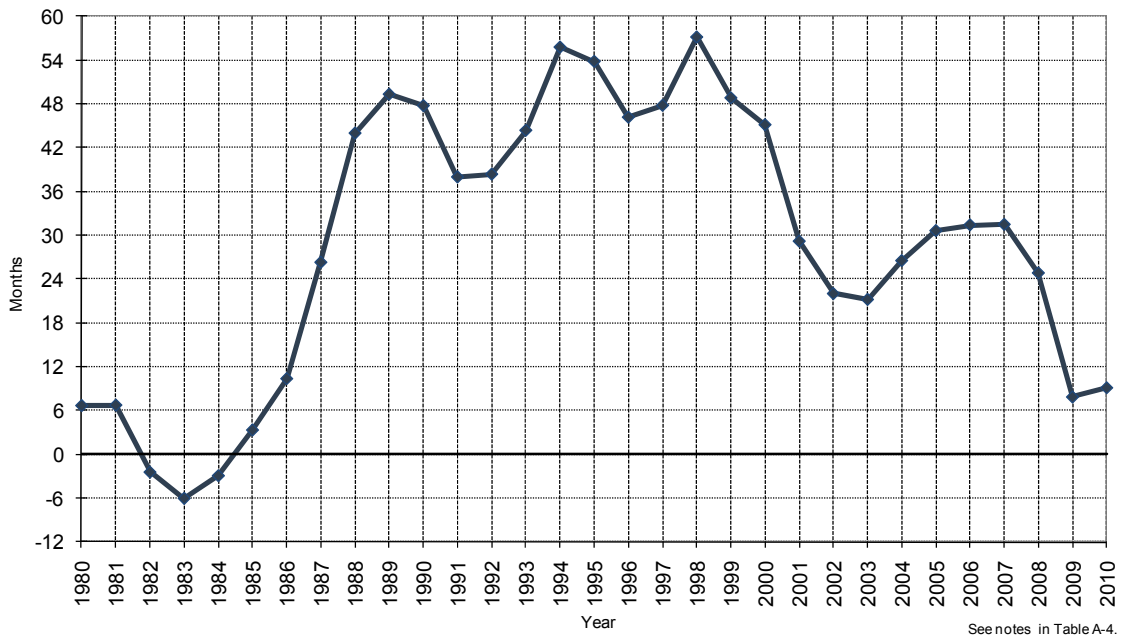
Months of High Cost Benefits in Combined Fund

Based on Highest Three Year Average Benefit Cost



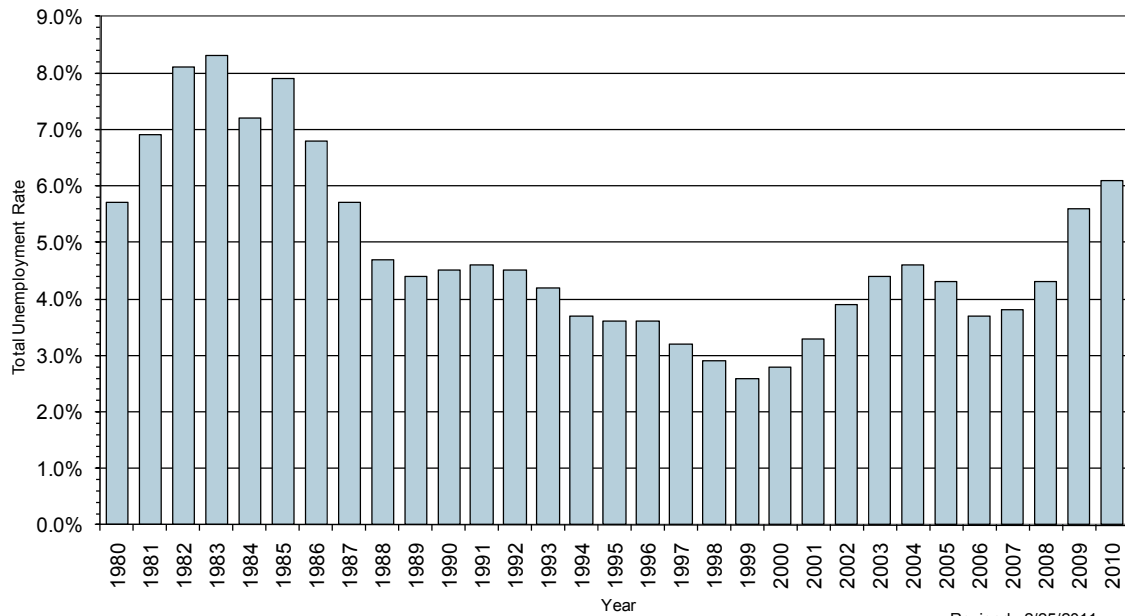
Months of Benefits in Combined Fund

Based on Current Year Benefit Levels



Iowa Total Unemployment Rate

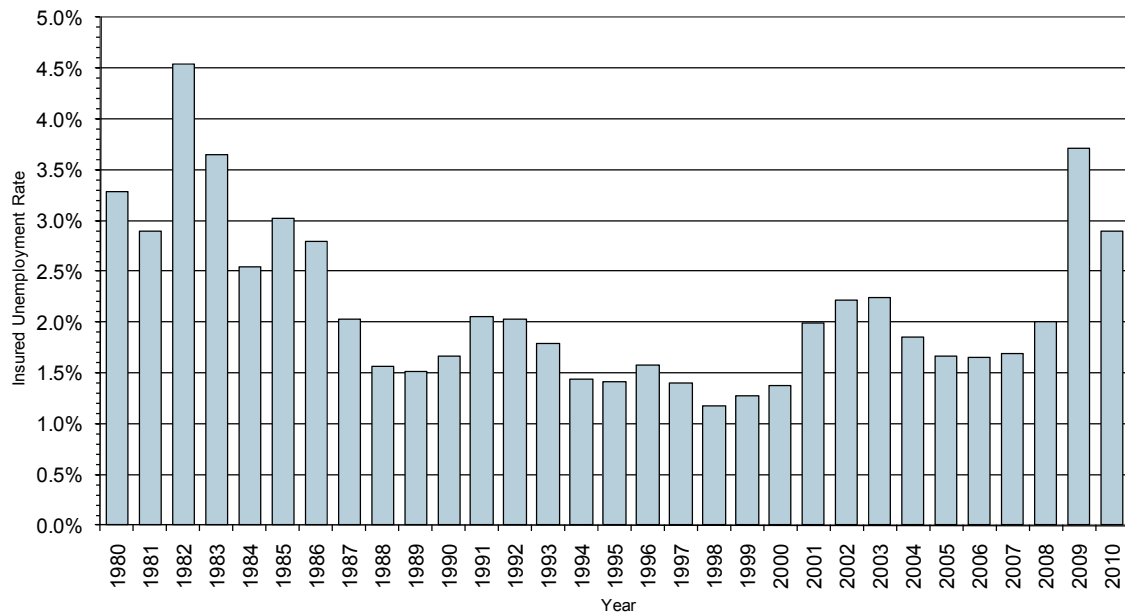
Bureau of Labor Statistics



Revised : 2/25/2011

Iowa Insured Unemployment Rate

Average Weeks Claims Divided by Covered Employment



Appendix C: Definition and Technical Notes

UI Fund Balance Measures

This report measures the condition of the funds designated to pay unemployment compensation benefits. In the past, unemployment compensation benefits have been paid entirely from the Unemployment Trust Fund. In 2003 the Iowa legislature set up the Unemployment Compensation Reserve Fund in the state treasury to pay benefits if the UI Trust Fund balance is insufficient. Since both funds are available to pay benefits, this report uses the combined balance of the two funds to compute solvency measures.

Unemployment Trust Fund: A fund established in the Treasury of the United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and federal unemployment taxes (FUTA) collected by the Internal Revenue Service.

UI Trust Fund Balance: In this report this term refers to the balance in Iowa's individual account in the Unemployment Trust Fund which is available to pay UI benefits.

Iowa Reserve Fund: This refers to the principal in the Unemployment Compensation Reserve Fund created in the state treasury under S. F. 458 in 2003. Monies in the reserve fund shall be used to pay benefits to the extent moneys in the unemployment compensation fund are insufficient to pay benefits during a calendar quarter.

Combined Trust Fund: This report uses this term to refer to the combined balances of the UI Trust Fund and the Iowa Reserve Fund.

Other Definitions

Most other terms in this report are defined in the *UI Reports Handbook* and the *UI Data Summary* published by the U. S. Department of Labor. These definitions include:

Regular UI Benefits Paid: Unemployment benefits paid under the regular unemployment program. This figure does not include federal unemployment benefits, voluntary shared work benefits and special episodic programs such as Extended Benefits (EB) and Emergency Unemployment Compensation (EUC). (Source: ETA-5159)

Average Duration: The number of weeks compensated for the year divided by the number of first payments.

Exhaustion Rate: A rate computed by dividing the average monthly exhaustions by the average monthly first payments. To allow for the normal flow of claimants through the program, the numerator lags the denominator by 26 weeks,


First Payments: The first payment in a benefit year for a week of unemployment claimed under a specific UI program. (Source: ETA-5159).

Final Payments: The number of claimants drawing the final payment of their original UI entitlement. This is also called benefit exhaustions. (ETA 5159)

Trust Fund Expenditures: Trust fund expenditures include regular UI benefits adjusted for net payment to other states and the state's share of extended benefits.

Trust Fund Interest: The amount of interest earned on the Unemployment Trust Fund account. Interest paid by the U. S Treasury is credited on the notification date for this report. The interest rate paid to states is available at: http://www.treasurydirect.gov/govt/rates/rates_tfr.htm.

Voluntary Shared Work: Shared work is an unemployment insurance program that provides employers an alternative to laying off employees. To participate in this program, an employer must reduce the normal weekly hours of work for an employee in the affected unit by at least 20 percent (but not more than 50 percent). Employees who share the work under an approved Shared Work Plan collect a percentage of regular unemployment insurance benefits to compensate for reduced hours of work and wages.



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